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HUAXIN CEMENT CO., LTD.*

華新水泥股份有限公司

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 6655)

Results Announcement for the Six Months ended 30 June 2024

- the six months ended 30 June 2024, the unaudited revenue of the Group was RMB 16.237 billion, representing an increase of 2.56% as compared with that of the corresponding period in 2023.
- For the six months ended 30 June 2024, the unaudited earnings before interest, taxes, depreciation, and amortisation (“**EBITDA**”) of the Group was RMB 3.698 billion, representing a decrease of 1.88% as compared with that of the corresponding period in 2023.
- As of the six months ended 30 June 2024, net profit attributable to the owners of the Company amounted to approximately RMB 0.731 billion, representing a decrease of 38.74% as compared with that of the corresponding period in 2023. Earnings per share were RMB 0.35.

The board (the “**Board**”) of directors (the “**Directors**”) of Huaxin Cement Co., Ltd.* (the “**Company**”) hereby presents the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”) prepared in accordance with the China Accounting Standard for Business Enterprises. Unless otherwise stated, the currency unit in this announcement is Renminbi (“**RMB**”), the lawful currency of the People’s Republic of China (“**PRC**”).

1. CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited consolidated income statement and unaudited consolidated balance sheet for the Reporting Period made pursuant to China Accounting Standards for Business Enterprises and the comparative figures for the six months ended 30 June 2023 and as at 31 December 2023 respectively are as follows:

Consolidated Income Statement

January to June 2024

(Unit: RMB)

	Note	January to June 2024 (unaudited)	January to June 2023 (unaudited)
1. Total operating income	2	16,237,373,654	15,831,572,500
Including: Operating income	2	16,237,373,654	15,831,572,500
2. Total operating costs		14,939,003,710	14,091,669,921
Including: Operating costs	2	12,396,833,893	11,971,182,161
Taxes and levies		375,276,270	323,177,792
Selling and distribution expenses		787,871,075	691,696,836
General and administrative expenses		908,113,338	802,033,113
Research and development expenses		70,954,352	58,342,983
Financial expenses	3	399,954,782	245,237,036
Including: Interest expenses		367,989,624	315,768,191
Interest income		95,827,125	58,883,536
Add: Other d: Ot			

Consolidated Income Statement (continued)
January to June 2024

(Unit: RMB)

	Note	January to June 2024	January to June2023
6. Other		(unaudited)	(unaudited)

CONSOLIDATED BALANCE SHEET

30 JUNE 2024

(Unit: RMB)

	Note	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
Current assets:			
Cash and bank balances		5,257,108,621	5,849,465,351
Financial assets held for trading		1,658,336	1,495,675
Notes receivable		124,346,990	275,075,423
Accounts receivable		3,185,256,332	2,259,496,157
Financing with receivables		445,611,239	746,018,692
Prepayments		464,469,106	417,878,731
Other receivables		825,309,053	747,268,432
Inventories		3,487,183,563	3,462,938,165
Other current assets		1,101,117,469	1,459,951,396
Total current assets		14,892,060,709	15,219,588,022
Non-current assets:			
Debt investments		-	7,500,000
Long-term receivables		86,729,930	80,976,447
Long-term equity investments		554,508,354	512,863,351
Other equity instrument investments		992,586,305	964,633,899
Other non-current financial assets		33,035,373	26,807,920
Fixed assets		27,748,507,412	27,752,373,906
Construction in progress		3,821,813,817	3,614,814,430
Right-of-use assets		1,628,720,829	1,680,707,457
Intangible assets		16,377,416,433	15,957,837,101
Development expenditure		69,732,540	69,333,195
Goodwill		794,289,719	769,271,896
Long-term prepaid expense		954,158,415	956,770,986
Deferred tax assets		628,291,565	554,133,589
Other non-current assets		393,596,951	632,656,064
Total non-current assets		54,083,387,643	53,580,680,241
Total assets		68,975,448,352	68,800,268,263
Current liabilities:			
Short-term borrowings		662,659,956	644,333,928
Notes payable		764,470,918	935,465,582
Accounts payable		7,596,250,432	7,827,004,238
Contract liabilities		706,835,535	717,019,466
Employee benefits payable		139,927,592	312,414,840
Taxes and surcharges payable		409,223,155	705,993,128
Other payables		1,421,829,979	1,004,517,942
Non-current liabilities due within one year		7,132,375,956	6,720,902,895
Other current liabilities		66,805,984	66,563,047
Total current liabilities		18,900,379,507	18,934,215,066

CONSOLIDATED BALANCE SHEET(*continued*)
30 JUNE 2024

	Note	As at 30 June 2024 (unaudited)	(Unit: RMB) As at 31 December 2023 (audited)
Non-current liabilities:			
Long-term borrowings		8,590,157,301	8,623,019,715
Bonds payable		3,980,612,938	3,964,479,030
Lease liabilities		1,238,600,650	1,348,727,671
Long-term payables		920,951,115	330,821,706
Long-term employee benefits payable		60,771,182	58,844,121
Provisions		746,606,710	757,554,644
Deferred income		262,474,395	264,404,822
Deferred tax liabilities		1,192,456,180	1,123,626,046
Other non-current liabilities		99,693,000	99,693,000
Total non-current liabilities		17,092,323,471	16,571,170,755
Total liabilities		35,992,702,978	35,505,385,821
Shareholders' Equity			
Share capital		2,078,995,649	2,078,995,649
Capital reserve		1,595,414,187	1,586,014,852
Less: Treasury shares		64,271,962	62,203,991
Other comprehensive income		-430,194,011	-548,746,925
Special reserve		63,717,385	63,717,385
Surplus reserve		1,111,880,257	1,111,880,257
Retained profits		24,331,978,299	24,703,292,620
Total equity attributable to shareholders of the Company		28,687,519,804	28,932,949,847
Minority interests		4,295,225,570	4,361,932,595
Total shareholders' equity		32,982,745,374	33,294,882,442
Total liabilities and shareholders' equity		68,975,448,352	68,800,268,263

Notes:

1 Basis for preparation

The Group implemented the Accounting Standards for Business Enterprises and relevant regulations issued by the Ministry of Finance of People's Republic of China. Financial information are disclosed in accordance with Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No. 15 – General Rules on Financial Reporting (revised in 2014). Additionally, the financial statements are disclosed as per the requirements of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual consolidated financial statements for the year 2023. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the annual consolidated financial statements for the year 2023.

2 Operating income and operating costs

1 Operating income and operating costs

	January to June 2024		January to June 2023	
	Income	Costs	Income	Costs
Principal operations	16,078,811,428	12,270,184,750	15,661,304,291	11,849,623,754
Other operations	158,562,226	126,649,143	170,268,209	121,558,407
Total	16,237,373,654	12,396,833,893	15,831,572,500	11,971,182,161

2 Disaggregated operating revenue from contracts with customers is as follows:

Analysis by product is set out as below

	January to June 2024	January to June 2023
Sales of cement	8,367,925,294	9,191,200,494
Sales of concrete	3,942,691,547	3,174,092,206
Sales of clinker	298,126,527	572,905,535
Sales of aggregate	2,961,595,021	2,162,353,807
Others	667,035,265	731,020,458
Total	16,237,373,654	15,831,572,500

2 Operating income and operating costs(continued)

Analysis by timing of revenue recognition as below

	January to June 2024	January to June 2023
At a point in time	15,916,631,348	15,521,203,095
Over time	315,632,119	302,168,828
Rental income – operating lease	5,110,187	8,200,577
Total	16,237,373,654	15,831,572,500

3 Performance of obligations

The Group's business includes the production and sales of building materials such as cement, clinker, aggregates, concrete, new building materials, as well as waste disposal, including:

Sales of cement and other building materials

Fulfilling contractual obligations, revenue recognition is based on the transfer of control as the criterion and on a point-in-time basis. Settlement with customers includes cash on delivery and payment upon delivery. For payment upon delivery, the Group extends credit to customers based on their credit rating and credit limit, and customers make payments according to agreed credit terms.

Service business

Services performed over a specific period, revenue is recognized on a time-period. Service recipients settle service fees regularly. The Group determines the progress of service delivery based on the actual volume processed and recognizes sales revenue according to the progress of service delivery.

4 Allocation to the outstanding contractual obligations

As at 30 June 2024, the amount of liability corresponding to contracts entered into but not yet fulfilled or earlier performance obligations amounted to RMB706,835,535, which is recognized as revenue within the next 2 years (31 December 2023: RMB717,019,466, the Group expects this amount to be recognized as revenue within the next 2 years as the obligations are fulfilled).

3 Financial expenses

Item	January to June 2024	January to June 2023
Interest expense	367,989,624	315,768,191
Less: Interest income	(95,827,125)	(58,883,536)
Exchange gains or losses	115,189,408	(22,690,761)
Others	12,602,876	11,043,142
Total	399,954,782	245,237,036

4 Income tax expenses

(1)Table of income tax expenses

Item	January to June 2024	January to June 2023
Current tax expenses	396,233,620	428,804,368
Deferred tax expenses	(74,632,690)	(40,480,246)
Total	321,600,930	388,324,122

(2)Reconciliations of profits befo-5(8)-7 6439a7 643nd ofono-5(7-7 6439ax)10(e)-3(xp)10(e)-3(ns)4 G(8)]

6 Accounts receivable

(1) Disclosure by aging

	30 June 2024	31 December 2023
Within 6 months	2,460,858,911	1,774,340,469
6 - 12 months	558,446,265	327,137,999
Subtotal within 1 year	3,019,305,176	2,101,478,468
1 - 2 years	258,061,766	228,421,668
2 - 3 years	58,971,841	41,812,808
Over 3 years	111,583,040	123,484,774
Less: Bad debt provision for accounts receivable	262,665,491	235,701,561
Total	3,185,256,332	2,259,496,157

(2) Disclosure by bad debt provision methods

30 June 2024		31 December 2023	
Account balance	Bad debt provision	Account balance	Carrying amount

6 Accounts receivable (continued)

Receivables for which bad debt provision is assessed on a portfolio basis

Combined accrual items : Category of cement receivable

	30 June 2024		
	Accounts receivable	Bad debt provision	Expected average loss rate (%)
Within 6 months	530,783,075	25,333,591	5
6 - 12 months	25,935,812	2,353,329	9
1 - 2 years	30,301,552	16,577,751	55
2 - 3 years	-	-	-
Over 3 years	4,390,684	4,171,150	95
TOTAL	591,411,123	48,435,821	

Combined accrual items : Category of concrete receivable

	30 June 2024		
	Accounts receivable	Bad debt provision	Expected average loss rate (%)
Within 6 months	1,706,638,875	34,253,570	2
6 - 12 months	454,091,042	14,252,744	3
1 - 2 years	187,349,104	24,808,507	13
2 - 3 years	27,541,610	11,710,192	43
Over 3 years	3,684,013	2,726,170	74
TOTAL	2,379,304,644	87,751,183	

Combined accrual items : Category of other business receivables

	30 June 2024		
	Accounts receivable	Bad debt provision	Expected average loss rate (%)
Within 6 months	223,461,962	4,402,947	2
6 - 12 months	70,617,853	3,495,299	5
1 - 2 years	38,349,286	4,557,248	12
2 - 3 years	24,098,350	8,193,439	34
Over 3 years	9,787,708	8,711,060	89
TOTAL	366,315,159	29,359,993	

6 Accounts receivable(continued)

(3) Bad debt provision

	31 December 2023	Provision	Changes for the period			30 June 2024
			Recovery or reversal	Write-off or elimination	Others	
Bad debt provision accounts receivable	235,701,561	40,396,436	10,745,290	3,085,320	(398,104)	262,665,491
Total	235,701,561	40,396,436	10,745,290	3,085,320	(398,104)	262,665,491

(4) Accounts receivable written off in the current period

Item	Write-off amount
Accounts receivable written off	3,085,320

(5) Amounts due from top five clients are summarized as below

	30 June 2024			
	Closing balance of accounts receivable	% of total balance	Closing balance of bad debt provision	Net accounts receivable
Client C	62,302,217	2	10,582,827	51,719,390
Client D	18,725,871	1	397,149	18,328,722
Client E	18,219,433	1	394,459	17,824,974
Client F	17,689,277	1	429,667	17,259,610
Client G	16,521,596	1	330,432	16,191,164
Total	133,458,394		12,134,534	121,323,860

7 Receivables financing

(1) Classification of receivables financing

Item	30 June 2024	31 December 2023
Bank acceptance bills	445,611,239	746,018,692
Total	445,611,239	746,018,692

(2) Receivables financing of the Group pledged as at 30 June 2024

Item	Pledged amount
Bank acceptance bills	-

7 Receivables financing (continued)

(3) R

II. Dividend

The Board has resolved not to declare the payment of interim dividend nor capital reserve converted to equity capital for the Reporting Period.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Analysis on the operation of the first half of 2024

In the first half of 2024, the Chinese cement industry was affected by factors such as the year-on-year decrease in national real estate investment and the slowdown in infrastructure investment growth, which showed a trend of continuous decline in demand, low-price fluctuations, and an expanding loss in the industry.

During the Reporting Period, the Company adhered to the concept of green and low-carbon development of building materials throughout the entire lifecycle, insisting on green and low-carbon development. It fully leveraged the advantages of integrated development and overseas expansion, adhered to the business strategy of "tailored strategies for each plant based on local conditions" and broke through to rejuvenate and forge ahead with determination.

In the first half of 2024, the Company recorded the operating income of RMB 16.237 billion, representing an increase of 2.56%. The EBITDA was RMB 3.698 billion, representing a year-on-year decrease of 1.88%. Due to the period-to-period decrease in the selling price and sales volume of domestic cement and clinker, net profit attributable to shareholders of the Company was RMB 0.731 billion, representing a decrease of 38.74% as compared with the same period of last year. The sales volume of cement and clinker was 28.4844 million tons, a decrease of 4.9% as compared with the same period of last year (specifically, the overseas sales volume of cement and clinker reached 7.5976 million tons, showing a 47.0% year-on-year growth). The sales volume of aggregate was 71.5261 million tons, representing an increase of 41.60% as compared with the same period of last year; and that of RMX was 14.7005 million m³, representing a period-to-period increase of 34.25%.

During the Reporting Period, the cement business achieved RMB 8.666 billion operating revenue, a decrease of 11.25% compared with that of the same period last year, in which the operating revenue of domestic cement business was RMB 5.106 billion, representing a decrease of 31.57% as compared with the same period of last year; the operating revenue of overseas cement business was RMB 3.578 billion, representing an increase of 55.41%. The aggregate business achieved RMB 2.962 billion operating revenue, an increase of 36.96% compared with the same period of last year. The RMX business achieved RMB 3.943 billion operating revenue, an increase of 24.21% as compared with the same period of last year.

In terms of profitability, during the Reporting Period, the selling price of cement products dropped by RMB 21.76/ton to RMB 304.24/ton compared with that of the same period last year, while the cost decreased by RMB 10.39/ton to RMB 241.24/ton. The average selling price of the aggregate business decreased by RMB 1.40/ton to RMB 41.41/ton, with cost dropping by RMB 1.72/ton to RMB 21.78/ton. For the concrete business, the selling price declined by RMB 21.68/m³ to RMB 268.20/m³, and the cost decreased by RMB 15.09/m³ to RMB 237.05/m³. The increase in sales

volume of aggregate and overseas cement has played a crucial role in stabilizing the performance of the Company. The comprehensive gross profit decreased by 0.51% year-on-year during the Reporting Period, and the comprehensive gross profit margin decreased by 0.73 percentage points from 24.38% of the same period last year. The reduction in both comprehensive gross profit and gross profit margin are mainly due to the decrease in sales price and volume of the group's cement products as compared with the same period last year. During the Reporting Period, the gross profit margins for cement, aggregates, and RMX were 20.71%, 47.41% and 11.61% respectively, as compared with 22.81%, 45.12% and 13.02% for the same period last year.

During the Reporting Period, the Company continued to promote the development of its overseas business. In the first half of the year, the Company made progress on the planned construction of a 3,000 tons per day clinker production line in Mozambique in accordance with the construction plan, and commenced the construction of a new 2,000 tons per day clinker production line in Malawi, the upgrading and renovation of the primary production lines in Zambia and South Africa, and the construction of a 300,000 tons per year grinding station in Zimbabwe. Upon completion and operation of these projects, the total additional clinker capacity is expected to be around 3 million tons per annum, and the total additional cement grinding capacity is expected to be around 2.7 million tons per annum.

During the Reporting Period, the Company adhered to green and low carbon development, putting continuous efforts in saving energy, reducing emission, consumption and cost. In the first half of the year, the Company cumulatively used various alternative fuels totaling 2.2 million tons (internal statistics), with the Group's consolidated thermal substitution rate reaching 21.5%, saving about 430,000 tons of standard coal, corresponding to a reduction of 1.2 million tons of carbon dioxide emissions (calculated according to the "Supplementary Information Sheet for Report on Greenhouse Gas Emissions in the Cement Industry" by the Ministry of Ecology and Environment of People's Republic of China). The comprehensive utilization of various non-carbonate industrial residues amounted to 950,000 tons, directly reducing carbon dioxide emissions by 123,200 tons.

Outlook for the Second Half of 2024

At present, the Chinese economy is still in a crucial period of economic recovery and transformation. The external environment is becoming increasingly complex, severe, and uncertain, while internal development faces prominent issues of imbalance and inadequacy, with factors restricting high-quality development still present to varying degrees. However, the favorable conditions for domestic development outweigh the unfavorable factors, maintaining a trend of stability and long-term improvement.

With the successful conclusion of the Third Plenary Session of the Twentieth Central Committee and the approval of the "Decision of the Central Committee of the Communist Party of China on Further Comprehensive Deepening Reform and Promoting China's Modernization," it is proposed to combine long-term growth momentum with short-term stable growth, make good use of the funds from the issuance of ultra-long-term special national debt, and strengthen the special construction of national major strategies and key area security capabilities. Economic policies and non-

year, with the issuance of ultra-long-term special national debt and the accelerated progress of the issuance of special bonds, banks will be driven to follow up with loans, providing sufficient sources of funds for maintaining a relatively fast growth of infrastructure investment. At the same time, with the "three major projects", such as the construction of affordable housing, the construction of public infrastructure for "dual-use for emergencies" and urban villages transformation being actively promoted, along with the gradual release of a series of new real estate policies, the activity in the real estate market is expected to increase. In the second half of the year, cement demand may experience a seasonal rebound, but the annual demand is still declining. The pattern of severe cement overcapacity and intensified industry competition will not undergo major changes, and the recovery of industry profitability still requires exploration of new ideas for capacity reduction suitable for the high-quality development of the industry and enhancement of rational competitive awareness.

In this context, the Company has further refined its strategies and goals, aiming to become a leading global multinational building materials enterprise. The focus is on implementing new strategies such as "overseas diversified business development", "domestic integrated synergy" "carbon reduction and value-added innovation", and "digital AI-driven". In the second half of the year, the company will further enhance its operational thinking and accelerate the transformation towards green, intelligent, and international practices. In the domestic market, adhering to the concept of "profit is the goal, price (income) is the foundation", the Company will intensify market development efforts, reduce costs, strive to achieve stable markets, operations and performance. In the overseas market, while enhancing our production and operation and striving to improve performance, the Company will actively seek to expand its business scale.

IV. SIGNIFICANT MATTERS

During the Reporting Period, the Company was not involved in any significant litigation or arbitration.

During the Reporting Period, the Company nor its subsidiaries had purchased, sold and redeemed listed securities of the Company.

V. DIRECTOR, SUPERVISOR AND SENIOR MANAGEMENT

The Company had completed the election of the new board of directors and board of supervisors in the 2023 Annual General Meeting held on 21 May 2024; on the same day, the appointment of new senior management team was completed in the First Meeting of the 11th Board of Directors of the Company.

As at 30 June 2024, the Directors, supervisors and chief executives of the Company or their associates held certain interests in the shares and underlying shares of the Company and its associated corporation as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) as follows:

Name	Nature of interest	Class of shares	Number of shares	Approximate% of shares held in the relevant share class	Approximate% of shares held in the total amount of share capital
Mr. Li Yeqing	Beneficial owner	A shares	364,334	0.0271	0.0175
		H shares	794,296	0.1081	0.0382
Mr. Liu Fengshan	Beneficial owner	A shares	166,500	0.0124	0.0080
		H shares	282,800	0.0385	0.0136
Mr. Ming Jinhua	Beneficial owner	H shares	83,500	0.0114	0.0040
Mr. Zhang Lin	Beneficial owner	A shares	11,600	0.0009	0.0006
		H shares	188,400	0.0256	0.0091
Mr. Liu Weisheng	Beneficial Owner	H shares	13,700		
	Interest of spouse		12,600		
Mr. Liu Sheng	Interest of spouse	A shares	10,000	0.0007	0.0005
	Beneficial Owner	H shares	25,300	0.0034	0.0012
	Interest of spouse		27,900	0.0038	0.0013

Note: the percentage is calculated by the issued underlying shares or total shares of the Company as at 30 June 2024.

During the Reporting Period, the Directors and supervisors of the Company had no material interests in any contract entered into by the Company or its subsidiaries.

VI. REVIEW OF UNAUDITED INTERIM RESULTS

The Company has set up the Audit Committee. The terms of reference adopted by the Audit Committee complied with all the applicable code provisions set out in Appendix C1 to the Listing Rules. The Audit Committee is responsible for the review and supervision of financial reporting procedures, risk management and the internal control systems of the Group as well as the giving of advice and recommendations to the Board. The interim results for the six months ended 30 June 2024 as disclosed in this announcement have been reviewed by the Audit Committee.

VII. CORPORATE GOVERNANCE CODE

The Company has complied with the principles and code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules during the Reporting Period.

VIII. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the code provisions regarding the purchase and sale of the Company's shares by the Directors and supervisors of the Company as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 of the Listing

Rules. The Company has made specific enquiries to all Directors and supervisors of the Company and each of them confirmed that they have complied with the requirements contained in the Model Code during the Reporting Period.

IX. MATERIAL IMPACT EVENT AFTERWARDS

After the Reporting Period and up to the date of this announcement, save for the events disclosed in this announcement, the Group did not have any material subsequent events.

By order of the Board
Huaxin Cement Co., Ltd.
XU Yongmo
Chairman

Wuhan, Hubei, the PRC
30 August 2024

As at the date of this announcement, the Board comprises Mr. LI Yeqing (President) and Mr. LIU Fengshan (Vice President), as executive directors; Mr. XU Yongmo (Chairman), Mr. Martin Kriegner, Mr. LO Chi Kong and Ms. TAN Then Hwee, as non-executive directors; Mr. WONG Kun Kau, Mr. ZHANG Jiping and Mr. JIANG Hong, as independent non-executive directors.

** For identification purpose only*